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*To ensure access to high-quality,
patient-centered, cost-effective health
care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.*



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September 16, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NUMBER TWO TO AGREEMENT H705407
WITH CERNER CORPORATION
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

Approval of Amendment Number Two to Agreement H-705407 with Cerner Corporation for the provision of an Electronic Health Record System, also known as the Online Realtime Centralized Health Information Database, for Cerner's address verification and validation software and to revise the Agreement's Pool Dollar provisions.

IT IS RECOMMENDED THAT THE BOARD:

Delegate authority to the Director of Health Services (Director), or his designee, to execute Amendment Number Two to Agreement H-705407 (Agreement) with Cerner Corporation (Cerner) with no change to the Maximum Contract Sum, effective upon execution, to (i) expend Pool Dollars in the estimated amount of \$1,078,162 over the remainder of the Agreement's ten year Initial Support Term for Cerner's address verification and validation software (Cerner RevWorks Transaction Services) as Optional Work under the Agreement prior to Go-Live; and (ii) amend the Agreement's Pool Dollar

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24 September 16, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

provisions to permit the Department of Health Services (DHS or Department) to access Pool Dollars prior to Go-Live for additional professional services and the purchase of new software licenses, subject to review and approval by County Counsel, and 5 (five) day prior notice to the Board and Chief Executive Office (CEO).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

The Agreement with Cerner for the DHS Electronic Health Record (EHR), also known as the Online Realtime Centralized Health Information Database (ORCHID) was originally approved by the Board on November 27, 2012. The Agreement's Maximum Contract Sum of \$359 million includes Pool Dollars, which are currently available for Optional Work that can be procured after Go-Live, including: (i) additional professional services and the purchase of new software licenses with expenditures authorized by the Director through the issuance of Change Orders; and (ii) additional Electronic Health Record (EHR) capabilities, which the County of Los Angeles may purchase through a Board approved Amendment to the Agreement. The Board approved Amendment Number One to the Agreement on December 3, 2013 to authorize the Department to access Pool Dollars prior to Go-Live for the acquisition of Cerner's cardiology licensed software and additional end-user training and delegated authority to revise the cluster Go-Live dates as needed.

Recommendation

Approval of this recommendation will enable DHS to execute an amendment to the Cerner Agreement to expend Pool Dollars to acquire Cerner's address verification and validation software, known as Cerner RevWorks Transaction Services, with no change to the Maximum Contract Sum previously approved by the Board. DHS currently uses software from Provider Advantage NW, Inc. (Provider Advantage) during the patient registration process for address and demographic validation. When the Agreement with Cerner was initially negotiated, the Provider Advantage software was being piloted at a single DHS facility. Since then, DHS expanded the pilot to other facilities and determined that the software is an effective means to verify a patient resides at the address given. However, during the ORCHID build for the Go-Live at Harbor-UCLA Medical Center (H-UCLA MC), it was determined that the Provider Advantage address verification and validation software could not be interfaced to ORCHID. Cerner subsequently identified a product with similar functionality that would effectively interface with ORCHID.

These funds are needed before Go-Live to enable DHS to purchase Cerner's address verification and validation software as part of the Licensed Software in the enterprise-wide implementation. This action will not increase funding in the Agreement. It will simply remove the restriction on using funds that are allocated in the Agreement for Professional Services and new software in advance of Go-Live.

Cerner RevWorks Transaction Services will automate the validation of patient addresses against the United States Postal Service's database, and verify (via Experian Healthcare) whether a patient actually lives at the given address. Cerner RevWorks Transaction Services will reduce inefficiencies related to returned mail, improve patient financial collection efforts, and facilitate appointment scheduling and follow-up communications with patients. Cerner RevWorks Transaction Services is required as part of the ORCHID implementation. Without the timely acquisition and implementation of Cerner RevWorks Transaction Services, DHS cannot proceed with integrated testing for the clusters, which is a fundamental component in achieving Go-Live for information technology system implementations of any size. H-UCLA MC, the first cluster to be implemented, is targeted to Go-Live

on November 1, 2014. It is imperative for the Department to acquire the required address verification and validation software in a timely manner.

Approval of this recommendation will also enable the Department to use Pool Dollars for Optional Work prior to Go-Live, by revising Pool Dollar provisions that currently stipulate that Pool Dollars may be accessed only following Go-Live. Cerner has developed and/or acquired through third party relationships, additional functionality in its EHR product that was not commercially available when the Request for Proposals (RFP) was initially developed nor when the Agreement was approved in November 2012. DHS desires to access Pool Dollars, without increasing the Maximum Contract Sum, in circumstances that would allow the Department to obtain additional functionality, which eliminates the need to interface with other disparate systems as part of the ORCHID build, and/or improves patient care and safety. This ability to access Pool Dollars prior to Go-Live will provide DHS with additional flexibility to proactively address any issues that may potentially impact the successful and timely implementation of ORCHID. Any such amendment to access the Pool Dollars would be subject to review and approval by County Counsel and notice would be provided to the Board and CEO.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operation Effectiveness/Fiscal Sustainability; and Goal 3, Integrated Services Delivery of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Funding is included in the Fiscal Year (FY) 2014-15 Adopted Budget and will be requested in future fiscal years as needed in accordance with the January 22, 2013 Board approved \$359 million of funding for ORCHID for the first five-year period.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Because of the importance of this project, DHS continues to retain Foley & Lardner, in conjunction with County Counsel, to advise on implementation and contract issues. The Chief Information Office concurs with the Department's recommendation and that Office's Analysis is attached as Attachment A.

CONTRACTING PROCESS

The requested action includes amending the Cerner Agreement, which was originally awarded as a result of a RFP process. Acquisition of the Cerner address verification and validation software is permissible through an Agreement Amendment, as there are Pool Dollars available in the Agreement.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will enable DHS to implement a centralized, standardized, enterprise-wide EHR system which will ensure that patients who seek services at any location within

DHS will receive consistent care, supported by the same EHR across the entire care continuum.

Respectfully submitted,

Handwritten signature of Mitchell H. Katz in black ink.

Mitchell H. Katz, M.D.

Director

Handwritten signature of Richard Sanchez in black ink. Above the signature, the text "Reviewed By:" is printed in a small font.

RICHARD SANCHEZ

Chief Information Officer

MHK:RS:jl

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors



RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

Office of the CIO
CIO Analysis

NUMBER:

CA 14-20

DATE:

7/17/2014

SUBJECT:

APPROVAL OF AN AMENDMENT NUMBER TWO TO AGREEMENT H-705407 WITH CERNER CORPORATION

RECOMMENDATION:

☒ Approve☐ Approve with Modification☐ Disapprove

CONTRACT TYPE:

☐ New Contract☐ Sole Source

☒ Amendment to Contract #: H-705407

☐ Other: Describe contract type.

CONTRACT COMPONENTS:

☒ Software☐ Hardware☐ Telecommunications☒ Professional Services

SUMMARY:

Department Executive Sponsor: Mitchell H. Katz, M.D., Director of Health Services

Description: Delegate authority to the Director of Health Services (Director), or his designee, to execute Amendment Number Two to Agreement H-705407 with Cerner Corporation (Cerner) to expend Pool Dollars in the amount estimated at \$1,078,162 in onetime and ongoing costs to acquire Cerner's address validation and verification software, RevWorks Transaction Services, and its implementation prior to the first Go-Live and five (5) day prior notice to the Board and Chief Executive Office (CEO). The overall contract sum remains unchanged.



Contract Amount: No change

**Funding Source: Bond funding, DHS FY 2014-15
Operating Budget**

☐ Legislative or Regulatory Mandate☐ Subvened/Grant Funded: Enter %

Strategic and Business Analysis	<p>PROJECT GOALS AND OBJECTIVES:</p> <p>DHS' Electronic Health Records (EHR) project, known as Online Realtime Centralized Health Information Database (ORCHID), will:</p> <ol style="list-style-type: none"> 1) Enhance patient safety, care delivery, and reduce costs; and 2) Ensure continued revenue by complying with Meaningful Use Guidelines. <p>This Amendment enables DHS to procure software that will:</p> <ul style="list-style-type: none"> • validate and verify patient addresses at the point of registration, • improve patient follow-up communication (e.g., reminder notice of follow-up appointments), and • assist with collections via the address verification process.
	<p>BUSINESS DRIVERS:</p> <p>The key business driver for this Amendment is to improve operational efficiencies and patient data integrity by automating the address validation and verification at the time of patient registration.</p>
	<p>PROJECT ORGANIZATION:</p> <p>Dr. Mitchell H. Katz, Director of Health Services, is the Project Executive Sponser and Dr. Roger Lewis is the Project Director. Kevin Lynch, the Departmental CIO, is the Information Tenology (IT) lead. DHS has a well-defined project governance for project design and build phase.</p>
	<p>PERFORMANCE METRICS:</p> <p>Cerner RevWorks Transaction Services will increase operational efficiencies related to patient communication and financial collection. A report on the utilization rate of address validations and verifications will be generated on a monthly basis for DHS to evaluate its effectiveness.</p> <p>The Agreement's existing service levels for response time and resolution time include credits in the event the required service levels are not met.</p>
	<p>STRATEGIC AND BUSINESS ALIGNMENT:</p> <p>This project is in alignment with the Board's Strategic Goals and the Department's direction for effective patient care.</p>

	<p>PROJECT APPROACH:</p> <p>DHS acquired Cerner's commercial-off-the-shelf EHR software which is being configured to meet DHS business needs.</p> <p>ORCHID deployment will be implemented in phases for inpatient hospitals and ambulatory clinics. The planned order of cluster implementation is: Harbor-UCLA Medical Center and Martin Luther King Jr. Outpatient Center, LAC+USC Medical Center, High Desert Regional Health Center, Rancho Los Amigos National Rehabilitation Center, and Olive View-UCLA Medical Center.</p> <p>Cerner RevWorks Transaction Services will be implemented in a phased manner consistent with the overall phased approach for ORCHID implementation.</p> <hr/> <p>ALTERNATIVES ANALYZED:</p> <p>DHS used Provider Advantage's software to perform patient address verification. However, the ORCHID team discovered that interfacing with Provider Advantage's proprietary software was not possible. Cerner's RevWorks Transaction Services software will fulfill the same functionality for address validation and verification. DHS plans to discontinue its use of the Provider Advantage solution upon full implementation of Cerner's RevWorks Transaction Services.</p>
<p>Technical Analysis</p>	<p>ANALYSIS OF PROPOSED IT SOLUTION:</p> <p><u>Functionality:</u> Cerner provides a software subscription to its patient validation and verification software, Cerner RevWorks Transaction Services, which validates and verifies patient addresses during the patient registration process. This product incorporates the U.S. Postal Service's database into Cerner's software to perform address validation.</p> <p><u>Application Architecture:</u> The software will be deployed with the SaaS (software as a service) delivery model and is available for use through Cerner's Registration Management Module. The software is written in Java and Oracle is used as the database.</p> <p><u>Hosting Infrastructure:</u> Cerner RevWorks Transaction Services software will be hosted at Cerner's primary data center in Kansas City, MO, where ORCHID is also hosted. It is an N-Tier application that uses a Linux OS and a back-end Oracle database.</p>

Financial Analysis	<p>BUDGET:</p> <p>The Cash Flow Summary (Attachment D of the Board Letter approved on November 27, 2012, Agenda Item No. 23) has a detailed analysis for the projected 15-year term. The total contract costs will not exceed \$366,992,924, including the extension periods. The components are:</p> <ol style="list-style-type: none"> 1. Base contract that includes software licenses, implementation services, hardware, third-party software, support, remote hosting and Application Management Services in the amount of \$272,484,425. 2. Optional Work/Pool Dollars in the amount of \$55,912,701 that include additional software, professional services, and training. <p>Amendment Two Costs</p> <p>One-time cost:</p> <table> <tr> <td>Implementation</td> <td>\$ 50,000</td> </tr> </table> <p>Total ongoing costs (through Dec 31, 2023):</p> <table> <tr> <td>Validation transactions</td> <td>\$ 17,072</td> </tr> <tr> <td>Verification transactions.....</td> <td>\$ 1,011,090</td> </tr> <tr> <td>Total Amendment Two Costs:</td> <td>\$ 1,078,162 *(Over the eight-year term)</td> </tr> </table> <p>Note</p> <p>Cost breakdown:</p> <table> <tr> <td>Fiscal Year 2014-15</td> <td>\$ 100,372</td> </tr> <tr> <td>Fiscal Year 2015-16</td> <td>\$ 114,252</td> </tr> <tr> <td>Fiscal Year 2016-17 through 2021-22.....</td> <td>\$ 797,112 (\$132, 852/year)</td> </tr> <tr> <td>Fiscal Year 2022-23</td> <td>\$ 66,426</td> </tr> <tr> <td>Total Amendment Two Costs:.....</td> <td>\$ 1,078,162</td> </tr> </table>	Implementation	\$ 50,000	Validation transactions	\$ 17,072	Verification transactions.....	\$ 1,011,090	Total Amendment Two Costs:	\$ 1,078,162 *(Over the eight-year term)	Fiscal Year 2014-15	\$ 100,372	Fiscal Year 2015-16	\$ 114,252	Fiscal Year 2016-17 through 2021-22.....	\$ 797,112 (\$132, 852/year)	Fiscal Year 2022-23	\$ 66,426	Total Amendment Two Costs:.....	\$ 1,078,162
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Risk Analysis	<p>RISK MITIGATION:</p> <ol style="list-style-type: none"> 1. The Chief Information Security Officer (CISO) reviewed the Amendment and did not identify any IT security or privacy related issues. 																		
CIO Approval	<p>PREPARED BY:</p> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  <hr/> Sanmay Mukhopadhyay, Sr. Associate CIO </div> <div style="text-align: center;"> 9/3/2014 <hr/> Date </div> </div> <p>APPROVED:</p> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  <hr/> Richard Sanchez, Chief Information Officer </div> <div style="text-align: center;"> 9/4/2014 <hr/> Date </div> </div>																		

Please contact the Office of the CIO (213.253.5600 or info@cio.lacounty.gov) for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>